

EXECUTIVE OFFICE OF THE PRESIDENT
BUREAU OF THE BUDGET
WASHINGTON 25, D.C.

On file OMB release instructions apply.

OFFICE OF
THE DIRECTOR

DEC 7 1963

63 9084
Action Memo

Honorable John A. McCone
Director of Central Intelligence
Washington, D. C.

Dear Mr. McCone: *John*

A number of inquiries have come to me concerning the appropriate procedure for responding to the President's memorandum of November 30, 1963, in which he asked each agency head for a report on cost reductions achieved in calendar 1963 and planned for 1964.

I believe that the President expects a personal response from each agency head, rather than an institutional type of submission. At the same time, I think it would be desirable to maintain a certain degree of consistency in the content and presentation of the material, so that it can be analyzed meaningfully by the President and his staff.

Hence I thought you might find it useful if I were to suggest the general points that might be covered, leaving the rest to your judgment.

I suggest that your report might well begin with a brief personal letter from you to the President, giving your own perspective and judgment as to (1) what has been accomplished during the past calendar year, (2) what the potential is, as you see it, for solid improvements in the coming year, and (3) what it will take in the way of administrative decisions or legislation if the full potential for savings is to be achieved.

For the remainder of the report, I would suggest that you deal with the following topical categories to the extent that they are applicable, and add to them where they do not cover all of the significant types of actions being taken in your agency. In each category, it would be well to explain concisely what the problem is and the kind of action being taken, together with the best estimates available concerning savings already realized (in dollars or manpower or both), targets set for the coming calendar year, and a description of projects planned. Where

legislative relief or authorization is needed, this should be indicated. The categories I would suggest are these:

- (1) Reorganizations and consolidations
- (2) Simplifications of systems and procedures
- (3) Conversions to high-speed data handling equipment
- (4) Management surveys
- (5) Improvements in forward planning
- (6) User charges
- (7) Employee incentives
- (8) Manpower economies, including productivity standards
- (9) Procurement and purchasing methods
- (10) Property management, including acquisition and disposal

The foregoing categories relate essentially to management practices. The President's memorandum, in addition, speaks of eliminating or curtailing programs of low utility. I believe that the President would be particularly gratified to have your comments on this question--either as a part of this report or as a separate communication.

You will note that the President has asked that your report be submitted to him promptly. I believe that a reasonable construction of this request would suggest that your report be sent to the President in December or early January.

If I can be of assistance in any way, please let me know.

Sincerely,



Director